

HICKMAN COUNTY ECONOMIC & COMMUNITY
DEVELOPMENT ASSOCIATION
CENTERVILLE, TENNESSEE

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

HICKMAN COUNTY ECONOMIC & COMMUNITY
DEVELOPMENT ASSOCIATION
CENTERVILLE, TENNESSEE
FINANCIAL STATEMENTS
JUNE 30, 2010

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HICKMAN COUNTY ECONOMIC & COMMUNITY
DEVELOPMENT ASSOCIATION
OFFICIALS
JUNE 30, 2010

Officials

Bob Bohn, City Mayor
Steve Gregory, County Mayor
Daryl Phillips, Executive Director

Board of Directors

Robert Mitchell, Chairman
Mark Bentley, Vice-Chairman
Jack Keller
Charley List
Jan McKeel
Jennifer Baltz
Jennifer Talley
Mickey Bunn
Wayne Richey
Charles Booker
Ronnie Sullivan
Ruby Horner
Mary Blackburn
Troy Dugger
Frankye Ward
Jim Griffin
Donna Bradley
Clay Harris

YORK, DILLINGHAM & COMPANY, P.L.L.C.

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TENNESSEE SOCIETY OF C.P.A.'S

INDEPENDENT AUDITORS' REPORT

Board of Directors

Hickman County Economic & Community Development Association
Centerville, Tennessee

We have audited the accompanying financial statements of the governmental activities of the general fund of Hickman County Economic & Community Development Association (a nonprofit organization), as of and for the year ended June 30, 2010, which collectively comprise the Association's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the general fund for Hickman County Economic & Community Development Association, as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2010, on our consideration of Hickman County Economic & Community Development Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Association's basic financial statements. The budgetary comparison schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budgetary comparison schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

The Association has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.


Columbia, Tennessee
October 4, 2010

HICKMAN COUNTY ECONOMIC & COMMUNITY
DEVELOPMENT ASSOCIATION
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2010

ASSETS

	<u>Governmental Activities</u>
Cash	\$ 25,371
Property and Equipment	
Furniture	5,887
Office equipment	<u>13,531</u>
	19,418
Less accumulated depreciation	<u>(18,002)</u>
	<u>1,416</u>
Total Assets	<u>\$ 26,787</u>

LIABILITIES

Payroll withholdings	<u>\$ 844</u>
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NET ASSETS

Unrestricted	24,527
Invested in capital assets	<u>1,416</u>
Total Net Assets	<u>\$ 25,943</u>

The accompanying notes are an integral part of these financial statements.

HICKMAN COUNTY ECONOMIC COMMUNITY
DEVELOPMENT ASSOCIATION
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

Program Activities	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets	
	Expenses	Operating Grants and Contributions	Governmental Activities	Total
Governmental activities				
General government and administration	\$ 77,464	\$ 51,586	\$ (25,878)	\$ (25,878)
Total government	<u>\$ 77,464</u>	<u>\$ 51,586</u>	<u>\$ (25,878)</u>	<u>\$ (25,878)</u>
General revenues:				
Interest earnings			97	97
Miscellaneous			<u>948</u>	<u>948</u>
Total general revenues			<u>1,045</u>	<u>1,045</u>
Change in net assets			(24,833)	(24,833)
Net assets at beginning of year			<u>50,776</u>	<u>50,776</u>
Net assets at end of year			<u>\$ 25,943</u>	<u>\$ 25,943</u>

The accompanying notes are an integral part of these financial statements.

HICKMAN COUNTY ECONOMIC & COMMUNITY
DEVELOPMENT ASSOCIATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

ASSETS

Cash	\$ 25,371
Total Assets	<u>\$ 25,371</u>

LIABILITIES AND FUND BALANCE

Payroll withholdings	<u>\$ 844</u>
Fund Balance Unreserved	<u>24,527</u>
Total Liabilities and Fund Equity	<u>\$ 25,371</u>

The accompanying notes are an integral part of these financial statements.

HICKMAN COUNTY ECONOMIC & COMMUNITY
DEVELOPMENT ASSOCIATION
RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO STATEMENT OF NET ASSETS
JUNE 30, 2010

Fund Balance

General Government Fund Balances	\$ 24,527
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Adjustments

Capital assets net of depreciation

Assets	19,418	
Accumulated depreciation	<u>(18,002)</u>	<u>1,416</u>

Net Asset Balances	<u>\$ 25,943</u>
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The accompanying notes are an integral part of these financial statements.

HICKMAN COUNTY ECONOMIC & COMMUNITY
DEVELOPMENT ASSOCIATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

Revenue:	
Financial institutions	\$ 3,000
Business institutions	3,000
Government institutions	42,082
Other	<u>4,549</u>
Total revenue	<u>52,631</u>
Expenditures:	
Salaries	43,800
Advertising	390
Books, subscriptions & publications	894
Conferences	909
Fidelity bond	90
Insurance	1,067
Internet	182
Leadership Hickman	56
Legal & professional	4,525
Marketing	7,080
Meals & entertainment	59
Membership dues	935
Miscellaneous	2,642
Postage & delivery	412
Rent	3,500
Secretarial services	1,970
Supplies	395
Taxes	3,808
Telephone	1,406
Three Star Program	287
Travel - business	1,322
Utilities	<u>745</u>
Total expenditures	<u>76,474</u>
Excess of revenues under expenditures	(23,843)
Fund Balance, Beginning of Year	<u>48,370</u>
Fund Balance, End of Year	<u>\$ 24,527</u>

The accompanying notes are an integral part of these financial statements.

HICKMAN COUNTY ECONOMIC & COMMUNITY
DEVELOPMENT ASSOCIATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS

TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Net change in fund balance - total governmental funds	\$ (23,843)
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Amounts reported for governmental activities in the statement of activities
are different because:

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds.	<u>(990)</u>
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Change in net assets of governmental activities	<u>\$ (24,833)</u>
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The accompanying notes are an integral part of these financial statements.

HICKMAN COUNTY ECONOMIC & COMMUNITY
DEVELOPMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared in conformity with, and the accounting policies of Hickman County Economic & Development Association conform to, generally accepted accounting principles as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies.

A. Organization

Hickman County Economic & Community Development Association (Association) is incorporated as a Tennessee non-profit organization and is a joint venture of the governments of Hickman County, Tennessee and the Town of Centerville, Tennessee. In 2001, the participating governments formalized the Association with an interlocal agreement as described in Tennessee Code Annotated Section 5-1-113. The Association's purpose is to foster communication and facilitate economic and community development between governmental entities, industry, and private citizens.

Its primary focus is on:

- Job creation
- Community Development
- Education and Skills Training
- Business & Economic Development
- Leadership Programs
- Organizational Development
- Long Range Planning

Throughout the years since establishment, Hickman County Economic & Community Development Association has had several success's in all areas of their focus.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements

Basic financial statements consist of the following:

Government-wide financial statements,

Fund financial statements, and

Notes to the basic financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible with the current period or soon enough thereafter to pay liabilities of the current period.

The Association reports the following governmental fund:

General Fund – The General Fund is an unrestricted fund used to Account for specific revenue sources over which the Board of Directors has discretionary Control and is used to carry out the operations of the Association in accordance with its Bylaws.

C. Sources of Revenues

The major source of revenue for the Association is from the County of Hickman. Other sources of income consist of grants, donations, and funds from the City of Centerville.

D. Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and savings accounts in financial institutions and are fully protected by federal depository insurance.

E. Property and Equipment

The Association's property and equipment are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets. Maintenance and repairs are charged to expense as incurred. Major renewals, betterments, and interest incurred during construction are capitalized. Accumulated depreciation is reported on the government-wide statement of net assets.

HICKMAN COUNTY ECONOMIC & COMMUNITY
DEVELOPMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgets and Budgetary Accounting

The Association's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ending June 30. It is not a legally adopted budget. The Association's Board of Directors formally approves the annual budget at the beginning of the year and subsequently authorized budget amendments as necessary.

Budgeted revenue amounts represent the original budget modified by the Association's authorized adjustments during the year, which were contingent upon new or additional revenue sources. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year. Budgets are prepared in conformity with GAAP using the modified accrual basis of accounting.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. Income Tax Status

The Association is a Tennessee not-for-profit corporation which is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, federal income taxes are not provided in the accompanying financial statements.

I. Advertising

The Association follows the policy of charging costs of advertising to expense as incurred. Advertising expense was \$390 for the year ended June 30, 2010.

NOTE 2- FIXED ASSETS

Major classifications of the Association's property and equipment and their respective depreciable lives are as follows:

		Depreciable Lives In Years		
	Furniture	5		
	Office Equipment	5		
	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Furniture	\$ 5,887	\$ -	\$ -	\$ 5,887
Office equipment	13,531	-	-	13,531
Total	<u>\$ 19,418</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,418</u>
<u>Accumulated Depreciation</u>				
	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Furniture	\$ 5,312	\$ 403	\$ -	\$ 5,715
Office equipment	11,700	587	-	12,287
Total	<u>\$ 17,012</u>	<u>\$ 990</u>	<u>\$ -</u>	<u>\$ 18,002</u>

Depreciation expense for the year ended June 30, 2010, totaled \$990.

NOTE 3 - ECONOMIC DEPENDENCE

The Hickman County Economic & Development Association is economically dependent on the appropriations from local governments. For the current year, these appropriations represent approximately 77% of total revenues of the government fund types.

NOTE 4 - COMPENSATED ABSENCES

The Association does not accrue a liability for compensated leave time due to the fact that reliable estimates cannot be determined and such amounts would not be considered material.

NOTE 5 - RISK MANAGEMENT-CLAIMS AND JUDGEMENTS

Significant losses are covered by the Association's commercial insurance. There were no settlements in excess of insurance coverage for the current year or the three prior years.

NOTE 6 - SUBSEQUENT EVENTS

The Association considered events and transactions that occur after the government-wide statement of net assets, but before the financial statements are issued, to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. These financial statements were issued on October 4, 2010, and subsequent events have been evaluated through that date.

HICKMAN COUNTY ECONOMIC & COMMUNITY
DEVELOPMENT ASSOCIATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Original	Final	Actual GAAP Basis	Adjustment Budget Basis	Actual Budget Basis	Variance with Final Budget Positive (Negative)
Revenue:						
Financial institutions	\$ 12,000	\$ 12,000	\$ 3,000	\$ -	\$ 3,000	\$ (9,000)
Business institutions	11,000	11,000	3,000	-	3,000	(8,000)
Government institutions	73,370	73,370	42,082	-	42,082	(31,288)
Other	-	-	4,549	-	4,549	4,549
Total revenue	96,370	96,370	52,631	-	52,631	(43,739)
Expenditures:						
Salaries	43,800	43,800	43,800	-	43,800	-
Advertising	-	-	390	-	390	(390)
Books, subscriptions & publications	200	200	894	-	894	(694)
Conferences	1,300	1,300	909	-	909	391
Capital expenditures	500	500	-	-	-	500
Education	900	900	-	-	-	900
Fidelity bond	200	200	90	-	90	110
Insurance	1,130	1,130	1,067	-	1,067	63
Internet	250	250	182	-	182	68
Leadership Hickman	-	-	56	-	56	(56)
Legal & professional	4,200	4,200	4,525	-	4,525	(325)
Marketing	10,500	10,500	7,080	-	7,080	3,420
Meals & entertainment	-	-	59	-	59	(59)
Meetings	500	500	-	-	-	500
Membership dues	1,200	1,200	935	-	935	265
Miscellaneous	1,840	1,840	2,642	-	2,642	(802)
Postage & delivery	800	800	412	-	412	388
Prospect recruiting expenses	4,000	4,000	-	-	-	4,000
Rent	6,000	6,000	3,500	-	3,500	2,500
Secretarial services	8,000	8,000	1,970	-	1,970	6,030
Supplies	1,200	1,200	395	-	395	805
Taxes	4,100	4,100	3,808	-	3,808	292
Telephone	1,900	1,900	1,406	-	1,406	494
Three Star Program	500	500	287	-	287	213
Travel - business	2,000	2,000	1,322	-	1,322	678
Utilities	1,350	1,350	745	-	745	605
Total expenditures	96,370	96,370	76,474	-	76,474	19,896
Excess of revenues over/(under) expenditures	-	-	(23,843)	-	(23,843)	(23,843)
Fund Balance, Beginning of Year	48,370	48,370	48,370	-	48,370	-
Fund Balance, End of Year	48,370	48,370	24,527	-	24,527	(23,843)

The accompanying notes are an integral part of these financial statements.

YORK, DILLINGHAM & COMPANY, P.L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

LARRY W. YORK

J. MICHAEL DILLINGHAM

ANGIE L. DILLINGHAM

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Hickman County Economic & Community Development Association
Centerville, Tennessee

We have audited the financial statements of the governmental activities of the general fund of Hickman County Economic & Community Development Association as of and for the year ended June 30, 2010, which collectively comprise the Association's basic financial statements and have issued our report thereon dated October 4, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hickman County Economic & Community Development Association's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hickman County Economic & Community Development Association's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Hickman County Economic & Community Development Association's internal control over financial reporting.

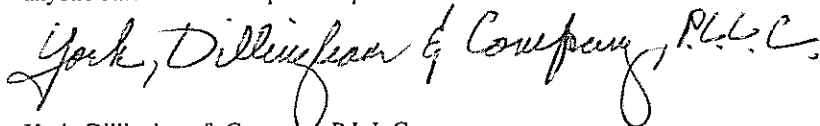
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance

As part of obtaining reasonable assurance about whether Hickman County Economic & Community Development Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors of Hickman County Economic & Community Development Association and the Comptroller of the Treasury, State of Tennessee. However, this report is not intended to be and should not be used by anyone other than these specified parties.



York, Dillingham & Company, P.L.L.C.
Certified Public Accountants

Columbia, Tennessee
October 4, 2010